



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Final 2025 Salt Lake City Area Integrated Projects Power Marketing Plan

AGENCY: Western Area Power Administration, Department of Energy (DOE).

ACTION: Notice of the Final 2025 Power Marketing Plan for the Salt Lake City Area Integrated Projects.

SUMMARY: Western Area Power Administration (WAPA), Colorado River Storage Project Management Center (CRSP MC), a Federal power marketing agency of the Department of Energy, announces the Final 2025 Power Marketing Plan (2025 Marketing Plan) for the Salt Lake City Area Integrated Projects (SLCA/IP). The Post-1989 General Power Marketing and Allocation Criteria (Post-1989 Plan), February 7, 1986, as extended June 25, 1999, will expire on September 30, 2024. After consideration of the public comments received, WAPA has decided to implement the Proposed 2025 Marketing Plan with the exception that WAPA will not create a new, 2-percent resource pool for potential new customers. This Federal Register notice is published to announce WAPA's decision for the Final 2025 Marketing Plan, respond to the comments received on the Proposed 2025 Marketing Plan, and specify the terms and conditions under which WAPA will market SLCA/IP firm hydroelectric resources beginning October 1, 2024.

DATES: The 2025 Marketing Plan will become effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Mr. Parker Wicks, Public Utilities Specialist, or Mr. Steve Mullen, Public Utilities Specialist, Western Area Power Administration,

CRSP Management Center, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, telephone (801) 524-5493, or e-mail to SLIPPost2024@wapa.gov. Information can also be found at <https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/power-marketing.aspx>.

SUPPLEMENTARY INFORMATION:

Brief descriptions of the projects included in the SLCA/IP are provided below:

Colorado River Storage Project (CRSP):

Authorized by Congress in 1956, the CRSP and participating projects initiated the comprehensive development and use of water resources of the Upper Colorado River. The CRSP is comprised of the Glen Canyon, Flaming Gorge, Blue Mesa, Crystal, and Morrow Point dams and powerplants. CRSP storage units stabilize the erratic flows of the Colorado River and its tributaries so annual water delivery commitments to the Lower Colorado River Basin, as well as to farmers, municipalities, and industries in the Upper Basin, can be met. Delivery of this water to consumers is accomplished, in part, through the participating projects discussed below, and additional project development may occur in future years. Initial hydroelectric generation began at the CRSP facilities in 1963. The maximum operating capacity of the five original CRSP powerplants is currently approximately 1,760 MW. The average annual generation from 1994 through 2014 was approximately 5,208,238 MWh.

Participating Projects:

Seedskadee Project (Fontenelle Powerplant): The Seedskadee Project is in the Upper Green River Basin in southwestern Wyoming. The Fontenelle Dam, powerplant, and reservoir are the principal features of the Seedskadee Project. The powerplant commenced operation in May 1968. The maximum operating capacity of Fontenelle Powerplant is 10 MW. The average annual generation from 1994-2014 was 53,477 MWh.

Dolores Project (McPhee Dam and Towaoc Canal Powerplants): The Dolores Project was authorized by the Colorado River Basin Act of September 30, 1968, as a participating project under the CRSP Act. The maximum operating capacity of the two powerplants is 12.8 MW, and the combined average annual output of MCPhee Dam and Towaoc Canal powerplants from 1994-2014 was 18,161 MWh.

Integrated Projects:

WAPA consolidated and operationally integrated the Collbran and Rio Grande projects with CRSP beginning on October 1, 1987. These integrated projects have retained their separate financial obligations for repayment; however, the SLCA/IP rate is set to recover revenues to meet the repayment requirements of all projects. The maximum operating capacity of the eleven SLCA/IP powerplants is 1,818.6 MW, and the average annual generation from 1994-2014 was about 5,635,057 MWh. The SLCA/IP resources are currently marketed to approximately 135 long-term customers, and many more electric service providers benefit from this power indirectly through parent organizations that are direct customers of the SLCA/IP. Existing SLCA/IP contracts will terminate at the end of the September 2024 billing period.

Collbran Project (Upper Molina and Lower Molina Powerplants): The Collbran Project was authorized in 1952 and has been in service since 1962. The maximum operating capacity of the two powerplants is presently 13.5 MW. The average annual generation from 1994-2014 was 41,915 MWh.

Rio Grande Project (Elephant Butte Powerplant): The Rio Grande Project was authorized in 1905, and the powerplant went into service in 1940. The maximum operating capacity of the Elephant Butte Powerplant is 27.0 MW. The average annual generation was 66,743 MWh from 1994-2014.

Background Information

The Post-1989 Plan provided the power marketing principles used to market what is now referred to as the SLCA/IP firm hydropower resources. The Firm Electric Service (FES) contracts associated with the Post-1989 Plan were initially set to expire October 1, 2004, and were extended to September 30, 2024.

WAPA published its Proposed 2025 Marketing Plan, 80 FR 78222 (December 16, 2015), and held a Public Information Forum on January 14, 2016, in Salt Lake City, Utah, and a Public Comment Forum on February 17, 2016, in Salt Lake City, Utah, to provide the public an opportunity to submit comments. During these meetings, the CRSP MC announced it would complete and post a preliminary determination of the 2025 SLCA/IP Marketable Resource, which would help determine if WAPA would offer a 2-percent New Customer Power Pool, as proposed. WAPA extended the comment period, 81 FR 17163 (March 28, 2016), to May 31, 2016, to allow customers the opportunity to comment on the analysis and to make additional comments about the Proposed 2025 Marketing Plan. On May 10, 2016, the CRSP MC posted notice on its website that, based on its Analysis of Potential Marketable Resource, insufficient sustainable hydro power (SHP) energy existed to offer a New Customer Power Pool.

WAPA received oral comments at the public comment forum as well as 18 written comment letters during the comment period. WAPA's responses to the comments received are included in this notice.

Response to Comments Received on the Proposed 2025 Marketing Plan

Right to Re-evaluate Allocations and Contract Term

Comment: Commenters supported a 40-year contract term for FES contracts. Several commenters did not support the concept of a reopener, or re-evaluation, at a 20-year interval

during the contract period. Several commenters supported a 20-year contract term with an automatic right of renewal for an additional 20 years, without resource reduction considerations, if favorable hydrology exists.

Response: In 2017, WAPA will begin the process of offering new FES contracts with a 40-year length of contract. However, depending on when contracts are actually negotiated and offered for signature, the period of performance may be less than 40 years. For example, a new contract executed in January 2017 would be let for 40 years and terminate in January 2057, while the period of performance and delivery of firm electric service would be approximately 33 years – as the existing contract remains in effect until September 30, 2024. This is due entirely to the 40-year limit to both length of contract and period of performance established by the Reclamation Project Act of 1939. Moreover, WAPA agrees with commenters and will not offer allocations for the first 20 years and then require a re-evaluation of the allocations later. WAPA will work with its customers to ensure that the FES contracts provide sufficient flexibility to address issues of changing hydrology or resource availability.

New Resource Pool

Comment: Several commenters opposed the creation of a 2-percent resource pool for new customers. Several commenters supported the creation of a new resource pool only if power is available without reduction to existing Post-1989 Plan customers and only for the benefit of tribal customers not already receiving SLCA/IP power.

Response: Modeling of SLCA/IP resources by the CRSP MC indicates there is no additional marketable capacity and energy available. WAPA will not offer a new customer resource pool under the 2025 Marketing Plan.

Hydropower Allocation to Tribe Served by SLCA/IP Customer

Comment: A Native American tribe stated that it did not receive an allocation during WAPA's prior remarketing, but instead receives the benefits of the hydropower allocation through its local electric cooperative. The tribe stated that Indian self-determination must be furthered and WAPA should recognize that the benefits of receiving Federal preference power may potentially be greater for smaller tribes. The tribe requested WAPA consider allocating directly to the tribe.

Response: WAPA does not have additional marketable capacity and energy to create an allocation for new customers. However, WAPA will work directly with the tribe to ensure Indian self-determination is furthered at all levels through whatever means WAPA has available – such as discussing arrangements made with the tribe's servicing utility.

Request for Additional Resources

Comment: A commenter requested an increase in the amount of energy it receives to meet its growing loads and also stated that additional energy should be provided to correct for load factor issues.

Response: WAPA is unable to provide additional energy because modeling of SLCA/IP resources indicate there is no additional marketable capacity and energy available. WAPA will extend the seasonal firm capacity allocations, referenced in the FES contracts as the Contract Rate of Delivery (CROD), along with the associated seasonal energy allocations, to the existing SLCA/IP firm power customers.

Priority of Preference in Proposed 2025 Marketing Plan

Comment: Request for clarification on priority consideration for entities satisfying the marketing criteria.

Response: WAPA will not offer a new customer resource pool under the 2025 Marketing

Plan; but to reiterate the clarification given during the comment period, priority consideration for the 2-percent resource pool for potential new customers under the Proposed Marketing Plan would have been provided in the following order: (A) Federally recognized Native American tribes; (B) Municipal corporations and political subdivisions, including irrigation or other districts, municipalities, and other governmental organizations, electric cooperatives and public utilities, other than electric utilities, that are recognized as utilities by their applicable legal authorities, are nonprofit in nature, have electrical facilities, and are independently governed and financed; (C) Other eligible applicants.

Distribution of Additional Resources

Comment: Should an increase in SLCA/IP resources ever occur, several commenters supported a pro-rata distribution of any additional resources to existing customers while several other commenters supported prioritizing new tribal customers over new non-tribal customers.

Response: If additional marketable resources become available, WAPA will determine, through appropriate procedures and in consultation with its customers, how to allocate those additional resources. Moreover, WAPA will work with its customers to ensure that the FES contracts provide sufficient flexibility to address issues with changing hydrology or resource availability.

Marketing Area

Comment: Several commenters supported the Post-1989 Plan marketing area and requested WAPA make no changes to the Northern and Southern Division areas.

Response: WAPA concurs and will preserve the Post-1989 Plan marketing area. No changes will be made to the Northern and Southern Division areas in the 2025 Marketing Plan.

Adjustment of Contract Rate of Delivery

Comment: Several commenters do not support an overall reduction in the contracted customer shares, at any time. Several commenters support WAPA having the right to adjust the CROD and associated energy on 5 years written notice, provided WAPA collaborates and meets with Preference Customers prior to giving any such notice.

Response: WAPA will reserve the right to adjust, through appropriate procedures and in consultation with its customers, the CROD on 5 years advance written notice in response to changes in hydrology and river operations.

Service Seasons

Comment: Several commenters support using the SLCA/IP definition currently implemented for the Winter Season (October-March) and Summer Season (April-September). One commenter supports the flexibility to determine monthly energy patterns within its seasonal allocation.

Response: WAPA will continue the use of existing summer and winter seasons and work with its customers to determine if monthly energy allocation patterns could be adjusted within a season to better match customer needs and hydropower availability.

Replacement Power

Comment: Several commenters indicated support for the capacity replacements programs currently in place through Customer Displacement Power (CDP) and Western Replacement Power (WRP) programs.

Response: WAPA appreciates the commenters' support for the CDP and WRP programs. The 2025 Marketing Plan FES contracts will continue to include CDP and WRP programs.

Transmission Availability for Replacement Power

Comment: Several commenters support the sale of unused firm transmission on a non-firm

basis when that capacity is not used to deliver customer allocations or customer CDP/WRP so long as any revenue generated from such sales is applied in order to reduce the rate for CRSP customers.

Response: WAPA will continue to include all projected revenues during the rate calculation process. Unused transmission will be made available per the Open Access Transmission Tariff (OATT) when that capacity is not needed for delivery of WRP, CDP, or the customers' allocations.

Use of Renewables

Comment: Has WAPA considered the use of renewable energy to make up for the loss of hydropower to Post-2025 customers?

Response: WAPA has considered the use of renewable energy as firming resources in the past and will in the future. If WAPA experiences a projected decrease in marketable hydropower resources, it will consider firming purchases from available resources, including renewables, in accordance with its power marketing authority. However, no such decrease is currently projected. WAPA has a long-term purchase power policy, as set forth in 10 CFR part 905 – subpart E, whereby WAPA will develop criteria to consider long-term power purchases, which can include renewable resources, to meet long-term resource needs. Any long-term resource acquisition would be made in close consultation with the customers.

Renewable Energy Credits

Comment: CRSP customers should receive Renewable Energy Credits (REC) in manner consistent with the Loveland Area Projects (LAP) REC program.

Response: Consistent with WAPA's REC policy, the SLCA/IP generating units are registered with Western Renewable Energy Generation Information System (WREGIS), and the CRSP MC

uploads monthly generation data. The monthly generation loaded into the WREGIS system creates one REC for every megawatt-hour of energy produced. Based on the amount generated from SLCA/IP hydropower facilities during the preceding calendar year, REC are dispersed annually to each customer proportionally based on its SLCA/IP allocation. Unlike the LAP, there is no special consideration for the smaller hydro facilities versus the large facilities. However, future changes to the REC distribution policy can be discussed with the customers for possible implementation.

Extension of Existing Contracts

Comment: Several commenters support the extension of the customers' existing CROD allocations for the contract term. Several commenters suggested customers should be offered amended and restated contracts, developed with appropriate diligence and expedience, to extend the existing contracts at the existing CROD and associated energy commitments.

Response: WAPA will offer new contracts that maintain the CROD allocations, with associated energy, to the existing SLCA/IP FES customers. WAPA will not offer amended and restated contracts, but will work with existing FES customers to develop a new contract.

Contract Development and Implementation

Comment: Draft contracts should be developed with appropriate diligence and expedience and with minimal changes from the existing contract terms and conditions. Customer meetings to discuss the draft contracts should be limited and follow a formal process that includes notice and comment periods of reasonable duration and additional agency/customer/applicant dialogue on an individualized basis unless such topics advance to affect broader customer interests.

Response: WAPA will collaborate with the FES customers on contract development while not impacting timely contract implementation. WAPA will provide timely notice and allow for

reasonable periods of informal review and comments in order to facilitate customer participation.

General Power Contract Provisions

Comment: Several commenters support the continued use of the current General Power Contract Provisions (GPCP), dated September 1, 2007, for the proposed contract.

Response: While specific contract provisions are outside of the 2025 Marketing Plan, WAPA intends to use the GPCP dated September 1, 2007.

Creditworthiness Procedures

Comment: The inclusion of “creditworthiness” provisions in new FES contracts was not supported by commenters since the existing customers have a demonstrated history of paying WAPA timely, and no basis exists for WAPA to justify insertion of this type of provision.

Response: Specific contractual provisions such as creditworthiness provisions are beyond the scope of the 2025 Marketing Plan. However, existing WAPA policy requires creditworthiness provisions in FES contracts and it is the intent of CRSP to include them in its FES contracts.

Customer Profile Data

Comment: Only new customers should submit customer profile data; existing customers should not be required to submit customer profile data or applications for power.

Response: WAPA concurs and no customer load profile data or applications will be required from existing customers. Furthermore, there will be no new customers because modeling of SLCA/IP resources indicate there is no additional marketable capacity and energy available.

Methods Report

Comment: Commenters questioned some of the methodologies and assumptions WAPA made in determining the availability of future hydropower generation, as explained in the Methodology for SLCA/IP Resource Analysis for Consideration in the Development of the 2025

Marketing Plan (Methods Report). These commenters questioned the use of certain hydrologic traces, particular assumptions about weekend versus weekday load patterns, and requested that only the current operating criteria be used for modeling purposes.

Response: WAPA appreciates the interest and review of its Methods Report. After reviewing the comments, WAPA does not believe the items questioned would affect its decision to use the existing power and energy commitments in the 2025 Marketing Plan because these would result in only minimal changes to the modeling results.

Hydropower Production Scenarios

Comment: Several commenters support WAPA proposing a variety of Marketing Plan approaches that address differing hydroelectric power production scenarios. Several commenters noted WAPA's reliance on a specific Department of the Interior (DOI) proposed Environmental Impact Statement (EIS) methodology in WAPA's resource analysis and urged WAPA to avoid reliance on any specific environmental-mitigation proposal in advance of any final DOI decision on that matter.

Response: There are various impacts to hydropower availability such as drought, maintenance issues, transmission availability, and water delivery requirements in addition to operational changes made to mitigate potential environmental impacts. WAPA will continue to work with its customers to ensure that the FES contracts provide sufficient flexibility to address issues with changing hydrology and resource availability. For the Long-term Experimental and Management Plan (LTEMP) EIS, DOI has identified a preferred alternative, and WAPA is using this alternative for planning purposes only. If DOI implements a Glen Canyon Dam operation that significantly differs from the preferred alternative, WAPA will consider a change to its 2025 Marketing Plan.

Modeling of Marketable Resources

Comment: Several commenters requested information describing the fundamental differences among GTMax, GTMax Lite, and GTMax Superlite v1 software platforms WAPA used to model hydropower.

Response: The GTMax model uses an older platform and architecture, which can only model 1 year at a time – under a single hydrological condition. GTMax Lite performs the same functions as GTMax but only simulates hydropower operations at Glen Canyon Dam rather than all of the CRSP facilities. This allows for various operational scenarios at Glen Canyon Dam to be modeled quickly. The GTMax Superlite model used by WAPA to model hydropower availability has all of the features and capabilities of the full GTMax model. The advantage of using GTMax Superlite for the 2025 Marketing Plan study is that it allows simulation and optimization of decades of operations, under numerous hydrological conditions, in a relatively short amount of time.

Final 2025 Power Marketing Plan and Marketing Criteria

WAPA’s 2025 Marketing Plan will provide the existing CROD commitments with associated energy to current SLCA/IP FES customers as set forth in the existing FES contracts, which implemented the Post-1989 General Power Marketing Criteria and Post-2004 PMI. The 2025 Marketing Plan principles are as follows:

Final 2025 Marketing Plan Principles

1. *Contract Term:* The maximum 40-year contract term, as provided for in the Reclamation Project Act of 1939, will be used for FES contracts.
2. *Existing Marketable Resource:* WAPA will extend the CROD commitments with associated energy to the existing SLCA/IP FES customers as set forth in the existing FES contracts,

which implemented the Post-1989 General Power Marketing Criteria and Post-2004 PMI.

3. *New Resource Pool:* Modeling of SLCA/IP resources by WAPA indicates there is no additional marketable capacity and energy available. WAPA will not establish a new customer resource pool under the 2025 Marketing Plan.
4. *Firm Electric Service Contract Provisions:* Existing SLCA/IP FES contracts will serve as the basis for new FES contracts. CDP and WRP contract provisions will be included in the new FES contracts.
5. *Benefit Crediting Contracts:* For those Native American tribes that do not operate their own electric utilities, Benefit Crediting Contracts will be available to deliver the benefit of the Federal hydropower allocation to those tribes.
6. *Marketing Area:* The SLCA/IP marketing area remains unchanged, which is divided into Northern and Southern Divisions.
 - A. The Northern Division consists of the states of Colorado, New Mexico, Utah, and Wyoming; the City of Page, Arizona; a portion of the area in Arizona which lies in the drainage area of the Upper Colorado River Basin to be served by the Navajo Tribal Utility Authority; and White Pine County and portions of Elko and Eureka counties in Nevada.
 - B. The Southern Division consists of the remaining portion of the state of Arizona and that part of the state of Nevada in Clark, Lincoln, and Nye counties that comprise the southern portion of the state.
7. *Hydrology and River Operations Withdrawal Provision:* WAPA will continue to reserve the right to adjust, at its discretion and sole determination, the CROD on 5 years advance written notice in response to changes in hydrology and river operations. Any such adjustments

would occur after an appropriate public process.

8. *Service Seasons*: Summer and winter seasons remain unchanged.

A. Summer Season: The 6-month period from the first day of the April billing period through the last day of the September billing period in any calendar year.

B. Winter Season: The 6-month period from the first day of the October billing period of any calendar year through the last day of the March billing period of the next succeeding calendar year.

Availability of Information

Documents developed or retained by WAPA during this public process will be available by appointment for inspection and copying at the CRSP MC, located at 150 East Social Hall Avenue, Suite 300, Salt Lake City, Utah. WAPA will post information concerning the Final 2025 Marketing Plan on its Web site at:

<https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/power-marketing.aspx>.

Procedural Requirements

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321, *et seq.*, the Council on Environmental Quality Regulations for implementing NEPA, 40 CFR parts 1500 through 1508, and the Integrated DOE NEPA Implementing Procedures, 10 CFR part 1021, WAPA has determined this action is categorically excluded from the preparation of an environmental assessment or an EIS.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980 (RFA), 5 U.S.C. 601, *et seq.*, requires a Federal agency to perform a regulatory flexibility analysis whenever the agency is required by law to publish a general notice of proposed rulemaking for any proposed rule, unless the agency can certify that the rule will not have a significant economic impact on a substantial number of small entities. In defining the term “rule,” the RFA specifies that a “rule” does not include “a rule of particular applicability relating to rates [and] services...or to valuations, costs or accounting, or practices relating to such rates [and] services....” 5 U.S.C. 601. WAPA has determined that this action relates to rates or services offered by WAPA and, therefore, is not a rule within the purview of the RFA.

Dated: November 18, 2016

Mark A. Gabriel

Administrator

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